

Message Text

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PAGE 01 LONDON 00320 01 OF 02 091610Z

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ACTION TRSE-00

INFO OCT-01 AF-06 EUR-12 EA-06 NEA-09 ISO-00 OPIC-03

AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FEAE-00 FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00

NSC-05 OMB-01 PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15

STR-01 FRB-01 PA-01 PRS-01 USIA-06 /113 W

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R 091600Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7112

INFO AMEMBASSY KUWAIT

AMEMBASSY TRIPOLI

AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY CAIRO

AMEMBASSY BEIRUT

AMEMBASSY ALGIERS

AMEMBASSY DAMASCUS

AMEMBASSY TUNIS

AMEMBASSY JAKARTA

AMEMBASSY KHARTOUM

AMEMBASSY AMMAN

AMEMBASSY KABUL

AMEMBASSY ISLAMABAD

AMEMBASSY SANAA

AMEMBASSY RABAT

AMEMBASSY COLOMBO

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 00320

DEPARTMENT PASS TREASURY

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PAGE 02 LONDON 00320 01 OF 02 091610Z

E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: TRIPARTITE INVESTMENT IN LDC'S UTILIZING MIDDLE
EAST OIL FUNDS

REF: STATE 281356

1. JUST ABOUT EVERY SERIOUS PRIVATE FINANCIAL INSTITUTION IN LONDON WITH WHOM WE HAVE SPOKEN ON THE SUBJECT IS INTERESTED IN PARTICIPATING IN TRIPARTITE INVESTMENT, MOST IN AN INTERMEDIARY, INVESTMENT/MERCHANT BANKING CAPACITY. THE LARGEST AND BEST-KNOWN INTERNATIONALLY DO HAVE AN EDGE ON THE OTHERS. SOME OF THESE HAVE HISTORIC LINKS IN THE MIDDLE EAST; OTHERS ARE CURRENTLY ESTABLISHING OFFICES. EMBASSY WAS FORTUNATE TO HAVE HAD RECENT VISIT HERE OF TWO TREASURY OFFICIALS, NEWMAN AND ANDERSON, WITH WHOM WE VISITED MORGAN GRENFELL; OPPENHEIMER & CO.; SCHRODER WAGG; UBAF LTD.; CROCKER NATIONAL BANK; CITICORP INTERNATIONAL DEVELOPMENT; S.G. WARBURG; FIRST BOSTON AND THE BANK OF ENGLAND. THE PRIVATE INSTITUTIONS ARE VERY INTERESTED IN DOING WHAT THEY CAN, EITHER FROM LONDON, OR IN SETTING UP OFFICES IN THE MIDDLE EAST, OR IN ADVISING ARAB GOVERNMENTS AS MEMBERS OF SEMI-OFFICIAL INVESTMENT BODIES. THEY MAINTAIN CLOSE CONTACT WITH CORPORATE CLIENTS THAT CAN OFFER TYPE OF PROJECTS THAT WOULD INTEREST ME LDCS, OR OIL PRODUCERS THEMSELVES, THEN TRY AND PUT THE DEALS TOGETHER.

2. THE BANK OF ENGLAND CONSIDERED THAT THE U.S. WAS PROBABLY PROCEEDING THE RIGHT WAY IN ATTEMPTING TO BRING ABOUT TRIPARTITE INVESTMENT AND COULD NOT OFFER ANY SPECIFIC SUGGESTIONS FOR IMPROVEMENT. SINCE THEN, THE U.K., AS A RESULT OF CHANCELLOR HEALEY'S TRIP TO SAUDI ARABIA, HOPES TO SET UP A BILATERAL COMMISSION WITH THE SAUDIS IN FEBRUARY.

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PAGE 01 LONDON 00320 02 OF 02 091614Z

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STR-01 FRB-01 PA-01 PRS-01 USIA-06 /113 W

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R 091600Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7113

INFO AMEMBASSY KUWAIT

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LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 00320

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PAGE 02 LONDON 00320 02 OF 02 091614Z

3. ON RELATED POINT U.K. OFFICIALS FAMILIAR WITH AREA
NOTE THAT SAUDIS SEEM TO PREFER "UMBRELLA CONCEPT" FOR
THEIR OWN DEVELOPMENT PROJECTS, I.E., THEY WANT A BILAT-
ERAL ARRANGEMENT WHEREBY OTHER GOVERNMENT WILL PLAY A ROLE
IN DECIDING WHICH OF ITS NATIONAL FIRMS WILL GET THE CON-
TRACTS, PROVIDE SERVICES, ETC. BEYOND THIS, SENIOR U.K.
GOVERNMENT FINANCIAL OFFICIALS ARE PERIODICALLY VISITING
OIL PRODUCING COUNTRIES AIMED AT EXTOLLING THE BENEFITS
OF USING SERVICES OF THE CITY OF LONDON.

4. IN ATTEMPT TO BE AS RESPONSIVE AS POSSIBLE TO WASHINGTON'S REQUEST, FINANCIAL ATTACHE HAD FURTHER CONVERSATION ON TRIPARTITE INVESTMENT WITH HENRY TURNER, MIDDLE EAST ADVISOR AT BANK OF ENGLAND. TURNER DID NOT HAVE ANY THOUGHTS IN ADDITION TO THOSE ALREADY EXPOUNDED TO MESSRS. NEWMAN AND ANDERSON. HOWEVER, ONE ADDITIONAL POSSIBILITY FOR INTERMEDIARY INVOLVEMENT WAS IDENTIFIED, RE PARA 4 B REFTEL, THE COMMITTEE ON MIDDLE EAST TRADE (COMET) HEADED BY LORD CHARLES DENMAN, AN INFLUENTIAL CITY PERSONALITY. DENMAN ACCOMPANIED BANK OF ENGLAND GOVERNOR RICHARDSON ON LATTER'S VISIT TO SAUDI ARABIA IN 1973. COMET IS DESIGNED TO PROMOTE U.K. EXPORTS TO MIDDLE EAST, APPARENTLY RECEIVES A GRANT FROM H.M. TREASURY TO ASSIST IT. TURNER NOTED THAT COMET IS NOT AN INVESTMENT INSTITUTION, BUT IS KNOWLEDGEABLE ABOUT ACTIVITIES IN THE AREA AND MIGHT BE HELPFUL. FINANCIAL ATTACHE HAS APPOINTMENT WITH DENMAN NEXT WEEK, WILL REPORT FURTHER IF ANY MEANINGFUL ADDITIONAL MATERIAL IS DEVELOPED.

5. BANKS FROM OIL PRODUCING COUNTRIES ESTABLISHED IN LONDON (THERE ARE 4 IRANIAN AND 2 KUWAITI BANKS HERE) MIGHT ALSO BE USEFUL, AS POSSIBLY WOULD BE THE KUWAIT INVESTMENT OFFICE. HOWEVER, EMBASSY HAS NOT ATTEMPTED TO CONTACT THESE SINCE THEY ARE CONTROLLED BY HEADQUARTERS OR PARENTS IN NATIONAL CAPITALS WITH WHICH U.S. EMBASSY IN PLACE HAVE CLOSER CONTACTS AND PRESUMED TO BE BETTER QUALIFIED TO JUDGE POINTS AND ENQUIRIES MADE IN REFTEL. FOR MORE DETAILS, NOVEMBER ISSUE OF BANKER MAGAZINE CONTAINS A SURVEY OF FOREIGN BANKS IN LONDON, NAMES, ADDRESS-LIMITED OFFICIAL USE

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PAGE 03 LONDON 00320 02 OF 02 091614Z

SES, SENIOR OFFICIALS, TELEPHONE AND TELEX NUMBERS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, PETROLEUM, LESS DEVELOPED COUNTRIES, PROGRAMS (PROJECTS), INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON00320
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750009-0156
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750166/aaaacfxz.tel
Line Count: 207
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 281356
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2003 by BoyleJA>; APPROVED <14 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRIPARTITE INVESTMENT IN LDC'S UTILIZING MIDDLE EAST OIL FUNDS
TAGS: EFIN, EAID, UK, US, XF, (GRENFELL, MORGAN), (TURNER, HENRY)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006